

DECLOUT LIMITED

Incorporated in the Republic of Singapore
(Company Registration Number 201017764W)

PROPOSED ACQUISITION OF NETIPAY PTE LTD

1. INTRODUCTION

The board of directors ("**Board**") of DeClout Limited (the "**Company**" or "**DeClout**", and with its subsidiaries, the "**Group**"), wishes to announce that its wholly-owned subsidiary, Corous360 Pte Ltd ("**Corous**") has entered into a sale and purchase agreement dated 30 May 2014 (the "**Agreement**") with JTech Mobile Limited ("**JTech**" or the "**Seller**"), Aai Sheau Yeah and Au Sai Chuen to purchase from JTech the entire issued and paid-up share capital (the "**Sale Shares**") of Netipay Pte Ltd ("**Netipay**") (the "**Proposed Acquisition**").

2. INFORMATION ON JTECH

JTech is an investment holding company incorporated for the purpose of pooling the interests of key shareholders in the Target Group (as defined below) and has several individual and corporate investors, including:

- (i) Aai Sheau Yeah, the single largest management shareholder, who will be a joint warrantor together with the Seller pursuant to the Agreement; and
- (ii) Au Sai Chuen, the single largest shareholder, who will be acting as a guarantor for the warranties pursuant to the Agreement.

3. INFORMATION ON THE TARGET GROUP

- 3.1 Netipay is incorporated in Singapore as the holding company for the various companies within the Target Group. The Target Group will carry on the business of providing a mobile cloud platform and proprietary payment processing services through its subsidiaries in Indonesia and the British Virgin Islands. As of the date of this announcement, Netipay has an issued and paid-up share capital of S\$1 comprising 1 share.
- 3.2 The Target Group will be constituted after the signing of the Agreement pursuant to a Restructuring Exercise (defined below) and certain post-completion transactions to be implemented by the Seller.
- 3.3 On the completion of the Restructuring Exercise and post-completion transactions, the Target Group will comprise the following:
 - (a) Netipay;

- (b) Max Interactive Technologies Limited ("**MHK**"), a company incorporated in Hong Kong and the holding company for PT Max Interactives Technologies ("**MIN**"), will be wholly-owned by Netipay;
 - (c) MIN, a company incorporated in Indonesia, is 39% legally and beneficially owned by MHK. Netipay will control the management of MIN, have a right to acquire the shares of MIN not already owned by MHK and receive any dividends declared in respect of those shares; and
 - (d) Matrix Treasure Limited ("**MBVI**"), a company incorporated in the British Virgin Islands, will be wholly-owned by Netipay.
- 3.4 MIN provides mobile applications and mobile billing services through its cloud-based application stores to mobile phone users in Indonesia. MBVI provides mobile applications and mobile billing services through its tie-ups with content and payment aggregators to mobile phone users outside of Indonesia.
- 3.5 Based on the proforma accounts of the Target Group as at 31 December 2013, each of the net liability value and net tangible liabilities of the Target Group stood at approximately S\$0.01 million. The net profit after tax of the Target Group for the 12-month period ended 31 December 2013 was approximately S\$0.2 million. No independent valuation was conducted on the Target Group.

4. INFORMATION ON COROUS

Corous is a wholly-owned subsidiary of the Company which is listed on the Catalist Board ("**Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). As one of the leading independent games cloud service providers in Southeast Asia, Corous leverages on its cloud computing technology to unite developers, publishers and gamers on a single platform. Corous' integrated platform involves the development of 3 key tiers: a Games Cloud Infrastructure, a Unified Payment Infrastructure that facilitates payments using a common virtual currency, and a Games Community Portal where gamers access the games and interact with one another.

5. CONSIDERATION

- 5.1 The purchase consideration for the Sale Shares is approximately S\$4.72 million ("**Purchase Consideration**") and shall be funded by internal resources. The payment terms of the Purchase Consideration are as follows:
- (a) payable as soon as practicable after the signing of the Agreement:
 - (i) a deposit of US\$0.25 million (which will be refundable immediately if any of the conditions precedent is not fulfilled by 30 June 2014) by Corous. This amount will be applied towards the consideration for completion.
 - (b) payable on completion:
 - (i) the sum of S\$1.35 million in cash less the deposit of US\$0.25 million;

- (ii) the allotment and issuance of 6,445,313 new ordinary shares ("**DC Shares**") in the capital of the Company (the "**Shares**") to the Seller, representing an aggregate consideration of approximately S\$1.65 million, based on an issue price of S\$0.256 per DC Share being the higher of:
 - (I) the average of the closing prices of the Shares on Catalist for the 5 consecutive market days ending on the market day immediately preceding the date of signing of the Agreement, or
 - (II) a 10% discount to the volume weighted average price of the Shares for trades done on Catalist for the full market day on which the Agreement is signed.
- (c) payable on implementation of a series of post-completion transactions ("**Post-completion Transactions**"):
 - (i) the allotment and issuance of 520,000 new ordinary shares of Corous (the "**C360 Shares**") to the Seller, representing an aggregate consideration of approximately S\$1.72 million, based on an issue price of S\$3.30 per C360 Share.

After completion, if the Target Group achieves an unaudited consolidated net profit after tax (after adding back corporate overhead expenses) of not less than S\$2.5 million for the 12-month period immediately following the completion date, Corous will make an additional payment of S\$1.3 million ("**Additional Payment**") to the Seller.

- 5.2 The Purchase Consideration was arrived at, on a willing-buyer and willing-seller basis, after negotiations which were conducted at arm's length between the parties, and takes into account, *inter alia*, the proprietary cloud-based mobile platform, current and future potential user base, contractual relationships with telecommunications operators and mobile handset makers, operations in the respective countries, its history and potential for growth of the Target Group.
- 5.3 As at the date of this announcement, the Company has an issued and paid-up share capital of 306,761,520 Shares. Assuming that the DC Shares are allotted and issued, the Company will have an enlarged issued share capital comprising 313,206,833 Shares. The DC Shares represent approximately 2.10% and 2.06% of the existing and enlarged issued share capital of the Company respectively. The DC Shares are to be issued pursuant to the existing share issue mandate approved by shareholders of the Company at the annual general meeting of the Company held on 29 April 2014. The Company will make an application to the Sponsor and the SGX-ST for the listing and quotation of the DC Shares on Catalist and will make the relevant announcement on receipt of the listing and quotation notice from the SGX-ST.
- 5.4 As at the date of this announcement, Corous has an issued and paid-up share capital of 3,000,000 shares. Upon the allotment and issuance of the C360 Shares, the Company's shareholding in Corous will be diluted from 100% to approximately 85.23% (based on an enlarged issued share capital of 3,520,000 ordinary shares). The C360

Shares represent approximately 17.33% and 14.77% of the existing and enlarged issued share capital of Corous.

6. DETAILS OF THE PROPOSED ACQUISITION

6.1 Conditions Precedent

Completion of the Proposed Acquisition is conditional upon, *inter alia*, the fulfilment of the following conditions:

- (a) approval of shareholder(s) of the Seller for the Agreement and the transactions contemplated thereunder;
- (b) approval-in-principle being granted by the SGX-ST for the listing and quotation of the DC Shares on Catalist;
- (c) allotment and issuance of the DC Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Agreement by any legislative, executive or regulatory body or authority;
- (d) completion of the Restructuring Exercise involving the Target Group;
- (e) approval by Corous' shareholders for the allotment and issuance of the C360 Shares; and
- (f) satisfactory implementation and completion of certain rectification transactions in respect of MIN.

Unless specifically waived in writing by Corous, if any of such conditions precedent is not fulfilled by 30 June 2014 or such later date as the parties may agree in writing, the Agreement shall terminate.

6.2 Moratorium

Under the terms of the Agreement, 50% of the DC Shares issued to the Seller will be held under a moratorium account for a period of 12 months from the issue date.

6.3 Restructuring Exercise and Post-Completion Transactions

The restructuring exercise involves the execution of a series of transfer documents and submission of relevant documentation to relevant government authorities in Hong Kong and the PRC to facilitate the transition to the desired Target Group structure as illustrated in Appendix A(ii) ("**Restructuring Exercise**").

Corous will, on reasonable terms, determine if certain post-completion transactions have been completed. These include responding to queries to the relevant authorities and submitting documents pertaining to the transfer of MHK and Max Interactive Technologies Co., Limited (麦克斯科技(深圳)有限公司) ("**MSZ**").

JTech is responsible for following up on the post-completion transactions, including responding to queries and providing documents to the relevant authorities. Once these post-completion transactions are completed, the desired Target Group structure detailed in Appendix A(ii) would be legally valid.

6.4 Completion

Completion of the Proposed Acquisition shall take place at the place of business of Corous in Singapore within 5 business days after the fulfilment or waiver, as the case may be, of the conditions precedent in the Agreement or such other date as the parties may mutually agree in writing.

6.5 Other arrangements on completion

On completion, Corous, the Seller and DeClout shall enter into a shareholders' agreement to regulate their relationship as shareholders of Corous and to record the manner in which the affairs of Corous shall be regulated.

MSZ, presently a subsidiary of MHK, will be transferred to the Seller by MHK as part of the Restructuring Exercise. MSZ will enter into an exclusive consultancy services agreement with Netipay, as well as grant to Netipay an option to acquire its intellectual property, comprising an exclusive perpetual, royalty-free licence to Netipay and its related corporation for the use of all intellectual properties and to sub-licence such intellectual property on such terms and conditions as MSZ deems fit.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The proforma financial effects are for illustration purposes only and are not intended to reflect the actual future financial situation of the Group after completion of the Proposed Acquisition.

Such proforma financial effects have been computed based on the (1) audited consolidated financial statements of the Group for the financial year ended 31 December 2013 ("**FY2013**") adjusted for (i) the restructuring of the Group pursuant to which the entire share capital of ASVIDA Asia Pte. Ltd. was transferred from the Company to Procurri Corporation Pte. Ltd. ("**Procurri Corp**") (the "**Group Restructuring**"); (ii) the investment of 51% interest in Tinglobal Holdings Limited (the "**Investment in Tinglobal**"); (iii) the issuance of 2,000,000 series A preferred shares of Corous (the "**Subscription**"); (iv) the issuance of 3,940 ordinary shares in the capital of Procurri Corp (the "**Issuance of Procurri Corp Shares**"), and (2) the proforma accounts of the Target Group for the 12-month period ended 31 December 2013 as well as the following assumptions:

- (a) the proposed acquisition of Verity Solutions Sdn Bhd ("**Verity**") has been completed. Please refer to the Company's announcement dated 3 May 2014 for further details on the proposed acquisition of Verity;
- (b) the Additional Payment of S\$1.3 million has been paid out;

- (c) the expenses incurred in relation to the Proposed Acquisition is approximately S\$0.12 million; and
- (d) the exchange rate of Rp9250:S\$1.00 has been applied.

7.1 **Net tangible assets ("NTA")**

Assuming that the Proposed Acquisition was completed on 31 December 2013, the effect on the Group's NTA per Share will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to shareholders of the Company (S\$'000)	19,930	16,762
Number of Shares ('000)	314,062	320,507
NTA per Share attributable to shareholders of the Company (cents)	6.35	5.23

7.2 **Earnings per Share ("EPS")**

Assuming that the Proposed Acquisition was completed on 1 January 2013, the effect on the Group's EPS will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit after tax attributable to shareholders of the Company (S\$'000)	933	1,320
Weighted average number of Shares ('000)	236,717	250,462
EPS (cents)	0.39	0.53

7.3 **Gearing**

There is no impact on the gearing ratio of the Company arising from the Proposed Acquisition.

8. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Board believes that the Proposed Acquisition will:

- (i) enable Corous to establish a foothold in the mobile platform and payments market in Indonesia and enhance Corous' unified payment Infrastructure business; and
- (ii) improve the future financial performance of the Group's vertical domain cloud segment.

9. RELATIVE FIGURES UNDER RULE 1006

Based on the Group's audited consolidated financial statements for FY2013, the proforma accounts of the Target Group for the 12-month period ended 31 December 2013 as well as the management accounts of Tinglobal and Verity for the period 1 January to 31 December 2013, and assuming that the proposed acquisition of Verity has been completed, the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of the SGX-ST are as follows:

Bases in Rule 1006	Relative Figures
(a) Net asset value of the assets disposed of compared with the Group's net asset value	Not applicable
(b) Net profits attributable to the assets acquired compared with the Group's net profits	33.6% ⁽¹⁾
(c) Aggregate value of the consideration given compared with the Company's market capitalisation:	
(i) Purchase Consideration	5.6% ⁽²⁾
(ii) Purchase Consideration with the Additional Payment	7.2% ⁽²⁾
(d) Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	2.1% ⁽³⁾
(e) Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) The Group's net profit before tax after adjusting for (i) the Group Restructuring; (ii) the Investment in Tinglobal; (iii) the Subscription; (iv) the Issuance of Procurri Corp Shares; and (v) the proposed acquisition of Verity, is approximately S\$0.5 million. The Target Group's net profit before tax for the 12-month period ended 31 December 2013 was approximately S\$0.2 million. The relevant ratio is computed based on the effective interest of approximately 85.23% in the Target Group.
- (2) The Company's market capitalization of approximately S\$84.0 million was computed based on the Company's issued share capital of 314,061,520 Shares (after taking into account that 7,300,000 new Shares would have been allotted and issued if the proposed acquisition of Verity has been completed) and the volume weighted average price of the Shares of S\$0.2674 each on 29 May 2014, being the last traded day preceding the date of the Agreement.
- (3) Based on 6,445,313 DC Shares to be issued and the Company's share capital of 314,061,520 Shares, after taking into account that 7,300,000 new Shares would have been allotted and issued if the proposed acquisition of Verity has been completed as at the date of this announcement.

Having regard to the above, the Proposed Acquisition constitutes a discloseable transaction pursuant to Rule 1010 and read together with Rule 1006 of the Catalyst Rules.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company or their respective associates, has any interest, direct or indirect in the Proposed Acquisition.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, there are no service contracts to be entered into between the Company and any such person in connection with the Proposed Acquisition.

12. APPOINTMENT OF EXECUTIVE OFFICER

Upon completion of the Proposed Acquisition, Mr Tay Chia Ping, currently Business Development Director of the Company, will be appointed as the Chief Executive Officer of Netipay.

13. INSPECTION OF DOCUMENT

The Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 29 Tai Seng Avenue, #05-01 Natural

Cool Lifestyle Hub, Singapore 534119 for a period of 3 months from the date of this announcement.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

15. ANNOUNCEMENTS

Further announcements on the Proposed Acquisition will be made in due course as and when appropriate.

16. CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should exercise caution when trading in the Shares in relation to this announcement as there is no certainty that the Proposed Acquisition will be completed as it is subject to the fulfillment of terms and conditions set out in the Agreement. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisers.

BY ORDER OF THE BOARD

Wong Kok Khun
Chairman and Group Chief Executive Officer
31 May 2014

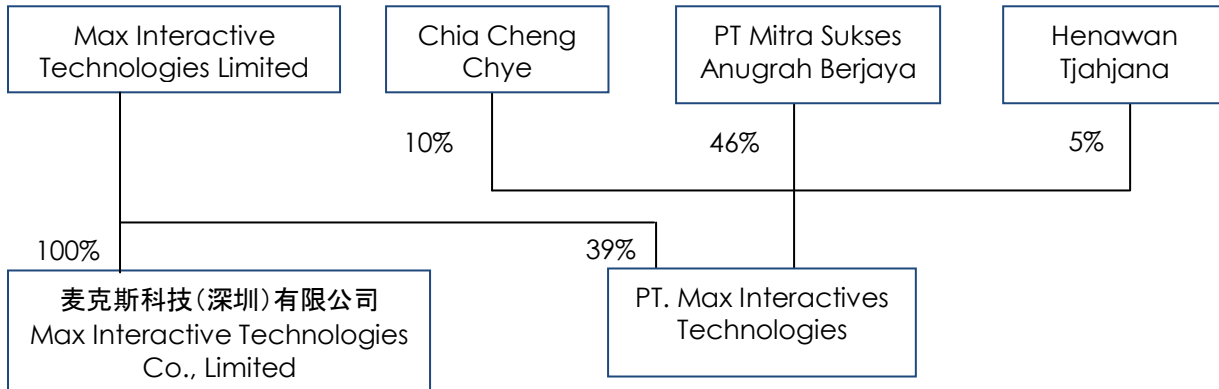
*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

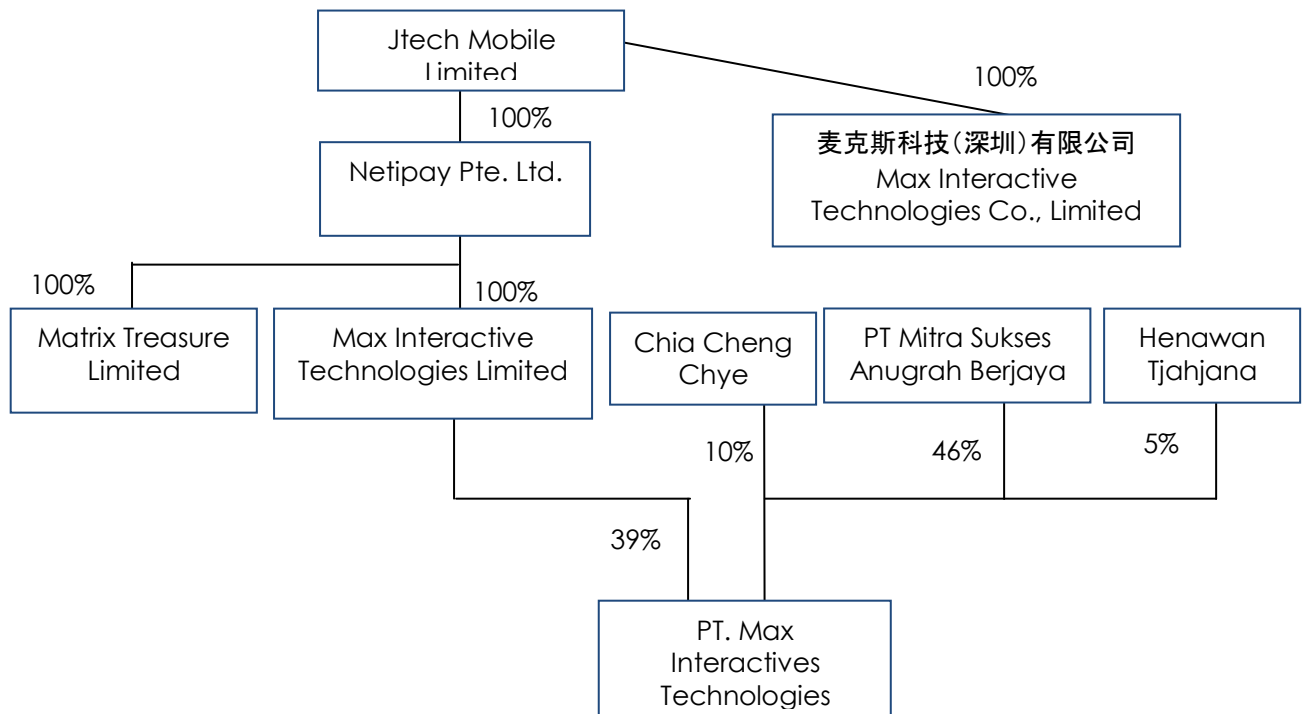
The contact person for the Sponsor is Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

APPENDIX A
CHANGES IN THE TARGET GROUP AND COROUS GROUP STRUCTURES

(i) The Target Group before the Restructuring Exercise



(ii) The Target Group after the Restructuring Exercise and Post-completion Transactions



(iii) The Corous group after the Proposed Acquisition and Post-completion Transactions

